

TECHNICAL NOTES

LAKE STATES FOREST EXPERIMENT STATION U.S. DEPARTMENT OF AGRICULTURE · · FOREST SERVICE

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Distribution Channels Used by Wood Pallet Manufacturers Selling in the Minneapolis-St. Paul Area

Two major lines of sales effort were used in the Twin Cities metropolitan area during 1954 in achieving distribution of wood pallets. Fifty-four percent (nearly 54,900 pallets) were sold through 12 middlemen including 10 Twin Cities truck and lift equipment dealers and 2 out-of-state agencies. The remaining 46 percent were sold by direct negotiation between users and pallet manufacturers.

Eight of the 19 competing manufacturers used only direct selling efforts; 5 others, though represented by agents, sold from 10 to 40 percent of their Twin Cities business directly; the 6 remaining firms were represented exclusively by agents. Five manufacturers sold through more than one agent.

Table 1.--Lines of sales efforts for pallets sold in the Twin Cities

Distance of : producer from: Twin Cities : (Miles) :	Number of producers	Number of producers selling:		
		Directly : to customers:	Through : middlemen only:	Both directly and through middlemen
0 - 50	3	1	1	1
51 - 100	3	1	1	1
101 - 150	3	1	1	1
151 - 200	3	3	-	-
201 - 250	2	-	1	1
251 +	5	2	2	1
All producers	19	8	6	5

The 8 manufacturers who depended entirely upon direct negotiations accounted for only 19 percent of total pallet sales in 1954. Since pallets are used largely with lift equipment and few producers operate on a scale large enough to justify an adequate sales organization, selling through equipment dealers would seem to be the most satisfactory method of pallet distribution. Nevertheless, recent contacts with manufacturers indicate that the proportion of pallets sold directly is increasing. This is due primarily to an increase in the number of repeat sales.

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JOHN R. WARNER, Forester